

Message Text

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41

ACTION INT-08

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TAGS: ENRG UK

SUBJECT: THE " JONES ACT" AND THE OFFSHORE OIL INDUSTRY

REF: LONDON 2708

1. " THE FINANCIAL TIMES" ON MARCH 19-20 RAN A TWO PART SURVEY ON " OFFSHORE EXPLORATION." IN AN ARTICLE ENTITLED " VOLATILE GROWTH OF SUPPLY AND SERVICE," THE AUTHOR REVIEWS THE DIFFICULT CIRCUMSTANCES SURROUNDING INVESTMENT IN EQUIPMENT FOR OFFSHORE EXPLORATION IN THE CELTIC AND NORTH SEAS AND THE PROSPECTS FOR UK COMPANIES IN THIS INVESTMENT. HE NOTES THAT THERE ARE A LARGE NUMBER OF US COMPANIES IN THE FIELD WHO USE TRADITIONAL AMERICAN SUPPLIERS. ALTHOUGH HE ALLUDES TO THE POINT THAT SOME COMPANIES FIND IT UNECONOMICAL TO USE UK FLAG SHIPS, HE GOES ON TO SAY " THE JONES ACT HAS EFFECTIVELY KEPT UK COMPANIES OUT OF THE US MARKET, AND THERE IS EVERY SIGN THE NORWEGIANS WILL MOVE TO GREATER PROTECTIONISM FOR THEIR SECTOR OF THE NORTH SEA. UNDER THESE CONDITIONS, THE GOVERNMENT HAS EVERY RIGHT-- AND INDEED A FIRM DUTY-- TO POINT OUT FIRMLY THAT OTHER NATIONS CANNOT PROTECT THEIR OWN MARKET AND CLAIM RIGHTS TO FREE ACCESS TO THE UK."

2. AS NOTED REFTEL, THERE IS A FEELING THAT THE US MAY
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NOT ACCORD FOREIGN COUNTRIES THE SAME PRIVILEGES US COMPANIES ENJOY IN THE NORTH SEA. WE QUESTION THE APPLICATION OF THE JONES ACT (SECTION 27, MERCHANT MARINE ACT 1920) TO OIL RIGS AND DRILL SHIPS. WE BELIEVE IT MAY HAVE LIMITED APPLICATION OTHER MISSION MEMBERS WERE NIGERIA' S FEDERAL COMMISSIONER FOR TRADE, WENIKE BRIGGS; SIERRA LEONE' S MINISTER OF AGRICULTURE AND NATURAL RESOURCES, SEMBU FORNA; AND EAST AFRICAN COMMUNITY' S DEPUTY MINISTER FOR COMMON MARKET AND ECONOMIC AFFAIRS, SILAS MUNAB.

2. FOLLOWING DAY, MISSION MET CAIRBEAN REPS AT CARIFTA SECRETARIAT HEADQUARTERS WHERE, ACCORDING PRESS RELEASE, DR. OUKO " STRESSED IMPORTANCE OF UNITY OF ACTION, ALTHOUGH AFRICAN COMMONWEALTH COUNTRIES THEMSELVES TOGETHER WITH OTHER NON-COMMONWEALTH AFRICAN COUNTRIES STILL IN PROCESS OF EVOLVING DEFINITE COMMON POSITION." RELEASE WENT ON TO STATE THAT " IT WAS UNANIMOUSLY AGREED THAT AFRICAN AND CARIBBEAN COUNTRIES WOULD ENSURE SOLIDARITY AND COLLABORATION ON QUESTION THEIR RELATIONSHIP WITH ENLARGED EUROPEAN ECONOMIC COMMUNITY, AND ON SIMILAR OTHER INTERNATIONAL ISSUES AFFECTING THEIR INTERESTS." CARIFTA REPS INCLUDED GUYANA' S MINISTER FOREIGN AFFAIRS, S. S. RAMPHAL(WHO CHAIRED MEETING); JAMAICA' S MINISTER INDUSTRY AND TOURISM, P. J. PATTERSON; TRINIDAD AND TOBAGO' S MINISTER OF INDUSTRY AND COMMERCE, E. MAHABIR, AND MINISTER IN MINISTRY OF EXTERNAL AND WEST INDIAN AFFAIRS, C. JOSEPH; GRENEDA' S SENATOR DEREK KNIGHT REPRESENTING EAST CARIBBEAN COMMON MARKET(EECM), CARIFTA SECRETARY GENERAL WILLIAM DEMAS AND ECCM AND CARIFTA SECRETARIAT SENIOR OFFICIALS.

3. AFTER THE MEETING, DR. OUKO TOLD GOVT- OWNED " CHRONICLE" THAT QUESTION OF FORM OF RELATIONSHIP WITH EEC NOT FEATURED IN TALKS BECAUSE AFRICA STILL IN PROCESS REACHING COMMON POSITION. BUT CONTINUOUS CONTACT WOULD BE INITIATED BETWEEN AFRICA AND CARIBBEAN THROUGH DIPLOMATIC CHANNELS, PROBABLY IN BRUSSELS AND BY OTHER MEANS.

4. DR. OUG EXPLAINED GEORGETOWN MISSION WAS RESULT FEBRUARY 16 LAGOS MEETING OF COMMONWEALTH AFRICAN STATES, WHICH DECIDED CARIBBEAN ASSOCIABLES SHOULD BE CONSULTED PRIOR TO NEGOTIATIONS. SAID FEBRUARY MEIN CERTAIN WATERS TO SUPPLY BOATS AND PIPE BARGES. IN ORDER TO PROVIDE US WITH FACTUAL DATA USEFUL IN MEETING CRITICISMS CONCERNING THE JONES ACT AND THE OFFSHORE OIL INDUSTRY, WE WOULD FIND A BRIEF ON THIS SUBJECT VERY USEFUL.

3. ACTION REQUESTED: WOULD APPRECIATE BRIEF STATEMENT ON APPLICATION OF JONES ACT TO OFFSHORE OIL EXPLORATION AND EXPLOITATION. WOULD ALSO APPRECIATE COMMENT

REGARDING PARA 3 REFTEL.

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